U.S. Authorizes Tobacco-Flavored Vuse E-Cigarettes

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U.S. health officials Thursday authorized tobacco-flavored versions of America's top-selling e-cigarette brand, granting the Vuse Alto products permission to remain on the market.

The Food and Drug Administration's decision follows a separate ruling last fall when the agency <u>ordered Vuse maker Reynolds</u>

<u>American to halt sales</u> of the brand's menthol versions. Those products have remained on store shelves while the tobacco giant challenges that ruling in court.

Vuse's vape pens—which are widely sold at gas stations, convenience stores and other retailers—have become increasingly popular among children and teenagers. The FDA Thursday noted that young people are less likely to use tobacco-flavored vaping products than other flavors. The agency said it had placed stringent marketing restrictions on the new products to prevent youth access and would closely monitor how they are marketed.

Shares of Reynolds American's parent company, <u>British American</u>
<u>Tobacco BATS -0.74%decrease; red down pointing triangle</u> ▼, rose
2.4% in afternoon trading in London.

The FDA's rulings on Vuse are part of a yearslong federal review of the vaping industry. All U.S. e-cigarette manufacturers in 2020 were required to submit evidence demonstrating that their products were less harmful than cigarettes and that their potential public-health benefit in helping adult smokers switch to a safer option outweighed their potential risk to young people.

Vuse Alto products represented about 40% of U.S. e-cigarette sales in U.S. stores tracked by Nielsen IQ in the 52 weeks ended June 15, according to Goldman Sachs analyst Patty Kanada. Menthol is by far the brand's most popular flavor, representing \$1.5 billion, or about 30% all of e-cigarette sales in U.S. stores in the past year, Kanada said. Vuse Alto's tobacco flavors represented \$479 million, or about 9% of e-cigarette sales, she said. The data don't include vape shops or online sales.

Reynolds also sells Camel and Newport cigarettes and earlier this month introduced a <u>nicotine-free vaping brand called Sensa</u>.

Teen e-cigarette use has fallen from its <u>peak in 2018</u>, following a federal law that raised the minimum tobacco purchase age to 21 and other measures to curb teen vaping. Among those who do vape, Vuse is one of the most popular brands. In a federal survey last year, nearly 21% of middle- and high-school students who had vaped in the past 30 days said Vuse was their usual brand, making it the third most popular behind Elfbar and Esco bars.

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